

Charter Management Organizations: Innovations, Opportunities, and Challenges

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ROB: Greetings and welcome, everyone, to this installment of the National Charter School Center's webinar series. My name is Rob Mayo and I am the deputy director of the National Charter School Resource Center. Today's topic will be Charter Management Organizations: Innovations, Opportunities, and Challenges. At this time, we would like to ask that you please put your phones on mute or use STAR 6 as opposed to putting everyone on hold, which means we may very well hear your wonderful music.

Today's agenda will be as follows: We will first hear an overview of the Center on Reinventing Public Education CMO study and interim findings. This will be followed by a Q & A session at the end of the presentation. Participants, you can submit a question at any time during the webcast by entering a question in the chat section on the left-hand side of your screen. You can also raise your hand during the Q & A. I will direct as many questions as possible to the presenter after the presentation.

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ROB: The U.S. Department of Education is committed to promoting effective practices, providing technical assistance, and disseminating the resources critical to ensuring the success of charter schools across the country. To that end, the Education Department, under contract with Learning Point Associates, has developed the National Charter School Resource Center.

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ROB: Now, a brief introduction to our presenter: Today's presenter is Robin Lake, who is currently the associate director of the Center on Reinventing Public Education at the University of Washington, where she analyzes U.S. public school system reforms, including charter schools and charter management organizations, innovation and scale, portfolio school districts, school turnaround efforts, and performance-based accountability systems. Lake



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directs the center's National Charter School Resource Project and initiatives supported by a coalition of foundations to improve the balance, rigor, and application of charter school research. She has authored numerous studies, provided expert technical assistance reports on charter schools. She coauthored with Paul Hill *Charter Schools and Accountability in Public Education* and edited CRPE's annual report, *Hopes, Fears, and Reality, a Balanced Look at the American Charter Schools*. At this time, again, I'd like to welcome Robin and ask that Robin please tell our audience a little more about your study and interim findings.

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ROBIN: Great. Thanks a lot. Thanks, everybody, for taking time out of your day to join us today. What I'm going to be covering today, as you can see, is an interim report in a larger study that we're conducting on CMOs, national longitudinal study.

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This is a study that we're doing in partnership with Mathematica Policy Research and it's got a number of different components to it. Over the three years, ultimately, we'll be looking at achievement results, but we are also spending a lot of time trying to understand, get under the hood of, charter management organizations and understand what may be contributing to whatever achievement results we find. So, trying to understand what makes some CMOs more effective than others, as well as understanding whether CMOs are doing something that's distinct from district or independent charter schools.

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So, you're all familiar with what charter management organizations are generally, but we all use our own terms when we talk about this. I think we all agree that they're nonprofit, unified management teams supporting charter schools.

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But for this study we also closed in on some additional criteria for the purpose of our study. We wanted to understand scale, so we were looking at CMOs

- with at least four or more charter schools
- nonprofit since inception rather than converting from for-profit status
- and, too, at tightly controlled organizations

So, for this purpose, KIPP's national network of schools would not be considered a CMO.

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So, what that meant was that we are conducting a national study, but we're not getting all of the CMOs in the country into this study. You can see how they fall out under different criteria.

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For this report, as I say, we don't have achievement results yet. So, what we're doing is looking at results from case studies, survey of 43 CMO central offices, and reviewed business plans and financial documents from CMOs, spent a lot of time talking with school district leaders where there's a large concentration of CMOs.

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I'm going to take you through quite a few findings here, and I'm going to move through fairly quickly, because we have a lot of content I want to expose you to. But let me tell you what the bottom line of the study is. Overall, we had clear observation that CMOs are really still young and emerging market in some ways, very regionally concentrated, so when we think about CMOs and scale, this is really a prospective look. We're trying to understand what advantages they may hold and what challenges they may face as they're scaling.

- As we've been out visiting and vetting the CMOs in the country, saw a number of really promising characteristics that I'd tell you about- that we think are really important to take note of: some things that may hold lessons for districts as well as independent charter schools over time.
- But at the same time we also saw that as they attempt to scale, as they are trying to do, there are also some serious growth challenges as well. So, we talk quite a bit about those in the report. We think that some of those growth challenges are things that really can be pretty

effectively addressed with greater efficiencies in CMOs, they turn to more efficient financial practices, we're all doing in tighter budget times.

- But, ultimately, we also point out that CMOs are just one approach to scale and that, if we are serious about creating large numbers of new schools over time, we may need to think about some alternative scale strategies that can complement CMO growth.

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So, I'm going to take you through a few different pieces, first just

- give you a lay of the land of the CMO community
- point out some differences and convergences among CMOs
- make some preliminary comparisons between CMOs and districts
- and talk about the challenges
- And we'll end with some thoughts about recommendations, but then I'd be happy to discuss those with you.

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Okay, so the CMO landscape: These are the CMOs around the country. As I said, you can see they're pretty regionally concentrated. Only about half of the states with charter school laws actually have CMOs in their midst and when they do, they tend to be pretty concentrated in urban areas. This is really something that's by design. CMOs are pretty distinctly from for-profit counterparts of the education management organizations, are trying to stay regionally concentrated in general so they can focus on quality in their network.

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CMOs are definitely on the rise, especially over the past five years. Charter schools are growing, CMOs are growing pretty quickly.

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Most CMOs, at this point, I think, it's in the eye of the beholder whether you call them under seven schools+small or large organizations, but if you think in

terms of districts, these are pretty small districts overall, with about 70% of CMOs still under about seven schools.

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CMOs, as you know, are in very many ways just like school districts in the charter school community. They're doing all the things that districts typically do, but in addition they're very focused on growth. So, they have a pretty complex package to deliver and they're trying to do a soup-to-nuts operation.

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Now that I've given you the lay of the land, let's dig into some of the ways that they're differing and converging.

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I think what really struck me as I've been out visiting CMOs is, we all know of one or two CMOs that have made an impression on us that we've heard about in newspapers and et cetera and in some ways informed our opinions about what CMOs are based on that particular anecdote. But we've really seen in the field there's incredible variation in there, both in terms of

- the theory of action- about how CMOs think they're going to increase student achievement
- structural pieces they put in place to operationalize that theory
- and their ideas about how they're going to scale and have impact on neighboring districts or wherever they're aiming their growth

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Let me just give you a few examples of where we see kind of the most striking differences in the field.

- Educational design, for example: Many CMOs are taking a very clear unifying approach, whether it's direct instruction or project-based learning, but overall, most of them are mixing and matching a large number of things.

- CMOs tend to be very focused on prioritizing orderly schools and student behavior, but some of them are very distinct in their behavioral plans that they're putting into place.
- They tend to be very continuous-improvement-oriented organizations in terms of just testing often and analyzing data and discussing the data. Some of them are much more intense in those practices than others. In some ways, it's an every-minute-counts culture in those CMOs and schools.

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Just a few data points to show you how the differences play out on assessment: You can see that they're testing very often, but pretty wide variation here.

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Now, in terms of structural choices:

- We see a lot of differences in degree of centralization, some being very, very highly prescriptive and others deferring very much to school and teacher judgment in decision making.
- On quality control, some are very, very hands-on and some are moving- especially as they grow larger- to a more system-based approach.
- Human capital strategies: You see a real difference in those that are following kind of a local, recruiting local teachers and making them as good as possible compared to those that are following recruiting-great-people strategy.

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Here you can see how prescriptiveness plays out in the CMOs. Many of them are following what I would term a tight-loose strategy, very tight over some areas, very loose over others, but they all seem to be really focusing on support for struggling students.

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You can see how hands-on these organizations are. Many of them— half of them— are in schools daily or weekly, and this is another issue that tends to change over time as the organization scales.

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To give you a couple quotes from schools that are following a pretty distinct people strategy, on the left quote here you see a quote from a CMO that's in a sort of suburban, semirural area where they're really hiring the best teachers that are available to them and doing the best they can with those folks. On the right, you see a quote that's much more typical in the CMO community in urban areas, where they're relying to a large degree on young, really energetic TFA folks, hiring tough and working them hard.

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But, overall, you can see here that nontraditional sources are a common human capital supply for CMOs.

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Then, finally, on growth and impact: Here, again, we see a lot of variation in terms of

- the pace of growth that CMOs are following
- the hiring strategy they're using to feed new schools with experienced staff
- use of feeder schools. Many more over time are moving to a feeder school pattern— especially those that have started with high school grades are finding some of their kids are coming to them four or five grade levels behind, are finding they just can't catch the kids up fast enough. So, they're moving into elementary and middle feeders.

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So, overall, you can see here a kind of projection for CMOs about their growth and I think what's interesting here is that the largest number of CMOs are only planning to open zero to 10 under 10 schools by 2025.

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Okay, let me try to pull out for you a few pretty preliminary differences we're seeing in CMOs and districts.

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In some ways, CMOs are hard to discern on paper from school districts, in some ways organizationally and in the way they set up their staffing models.

- But we did see some real differences, and one is that CMOs say that because they don't have political school boards, they're much more able to focus on mission over time and they focus on mission, not politics.
- They're able to play around with their schedules for longer days and create smaller schools.
- They're able to focus heavily on teacher accountability and prioritize that. We've seen, in survey results, some really interesting differences and responses about the priority level that CMOs are placing on teacher accountability.
- Perhaps tied to that, CMOs appear to be distinct in the pay that they're offering their folks and much more reliant on merit pay than we've seen in the general field.

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For their part, when districts talk about CMOs and think about the CMOs in their midst and how they're influencing them, they talk about them in two terms. They talk about respect for the CMO's performance; at the same time, they have questions about whether CMOs are offering something that they should consider adopting.

- There are some interesting formal partnerships out there. They're rare, but I think they're really interesting to watch, and promising.

- They tend to exist when school districts experience CMO classrooms firsthand and go in and see consistency of instruction or something they really find valuable.
- But there is a fairly widespread perception among districts that CMOs don't have it as tough as they do in some ways, either in student body or their ability to pick the teachers that they want.

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Great, so, let's talk about some of the challenges that CMOs themselves are thinking about as they grow and some things we want to put on the plate as well. CMOs say- they are pretty thoughtful folks actually- and they worry a lot about what scale is going to do to them and how they can manage it appropriately and effectively.

- Financial sustainability is something that I think any of you who are familiar with CMOs and think about how they're funded know is a concern for a lot of folks. CMOs tend to rely very substantially on philanthropy, and their plans to get off the philanthropic dollar is something that challenges most of them. I'll give you some more data on that in a minute.
- I showed you the numbers and quotes from CMOs that are relying heavily on teachers to do pretty yeoman's work, to work very long hours on behalf of students and to make no excuses for student performance. But they themselves, of course, think about burnout, turnover rates, and unionization and try to figure out how they can manage all that within their very focused mission.
- As they grow, especially, finding they need to start standardizing and making more prescriptions over schools, at the same time they value innovation and continuous improvement and they're thinking carefully and hard about how they can develop that within their ranks.
- They do face pressure to grow in a lot of ways from funders who want to see impact quickly, from their own boards who have a mission to serve as many students as possible, but at the same time they understand that cost and quality concerns have to be part of the equation. They don't want to grow faster than they can handle.
- A number of the more experienced CMOs that have been very successful about prepping students for college are starting to think- it's sort of a second-generation issue for them- starting to worry that

the test scores alone are not going to be preparation enough for college. So they're starting to think hard about whether they can start moving into some higher-order skills as well.

- Finally, a lot of pressure these days for CMOs to start embarking on turnarounds, and many of them really worry about that and see it as a different ballgame, something they weren't ever equipped to do, they haven't been equipped to do from the start in their mission.

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I want to give you just a couple of data points on finances- and these are anecdotal- but I wanted to show you the business plan from one CMO in 2004 compared to the business plan for that same CMO in 2007. What's notable here is that the breakeven point (the point that they think they're going to be done being funded by philanthropy) shifts over time during that period. This something that's real common for CMOs and EMOs to do. They have sort of the operational point of sustainability that becomes an ever-moving target. There are a lot of reasons for that that we can talk about during the discussion. But I think a lot of CMOs really have underestimated the costs of growth.

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And this is just another way to look at some of the finances. The typical CMO business model relies on management fees from schools to fuel their central office operations to pay for the central costs. What you'd hope to see in CMOs is these two lines converging, the total revenues for management fees and total operational spending coming together so that management fees are paying for a greater proportion of operational spending, but that's not happening in a lot of these schools, and we're trying to understand why. Part of the reason is clearly that some of these folks are gearing up for more growth- and that could be part of the equation- but we think there are other things going on as well.

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And, to give you a sense of philanthropy in the CMOs, here's how it plays out by size of the CMO. We found this a little surprising, given most CMOs' business plans: that they hope to be off philanthropy as they grow larger, but we see here it's just the opposite. Again, this very well may be that the larger

CMOs are gearing up for even more growth. But these are important issues we'd like to see people asking CMOs as part of the due diligence.

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To complicate their growth plans and business plans, they are finding because of quality concerns and other reasons, growth is most always slower than they've planned.

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This is just one more way of looking at the same numbers.

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Okay, and of course CMOs don't exist in isolation. They exist in a policy environment that we're all familiar with. So, when we ask CMOs to tell us about their barriers to scale, these are the things they talked about: scarce facilities, nonprofit support, and per-pupil revenues were at the top of their list. I don't know that that would surprise any of you. But also at the top of their list were human capital concerns and a lot of worries that as they have big eyes toward scale, they need to figure out a solution to their human capital supply.

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Again, a couple of quotes from CMOs themselves. This one, on the challenge of human capital at scale

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and here on the limits of test prep. So, in many ways, these are, as I said, second-generation issues from CMOs. We think they really merit some close attention as we move forward.

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To give you a sense of the type of pressures that CMOs are feeling, especially in these tougher financial times, balancing growth and quality, something they really, really struggle with and sometimes are in a tough position with their funders to cope with.

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As I mentioned, some CMOs of course embrace unions and set out to have unionized contracts from the start. Others worry that over time if they really don't figure out some of these issues of asking folks to work hard on behalf of students, unionization will become more of an issue, and it looks like there's a fairly active attempt to recruit in the CMO community.

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Okay, so let me just move through a few of our thoughts about recommendations and then I'd be curious to know what your questions are and what your thoughts are as well.

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We certainly think that these are pretty serious challenges that need to be addressed, both in terms of policy investor actions.

- We think there needs to be incentives out there for more productive CMO. district collaboration and think the folks that have actually gotten into the classrooms and are really collaborating hard are pretty impressive examples of how the charter school community really can be a lot more influential than it has been in district change, especially around turnaround. We think this could be encouraged and dealt with more effectively.
- We have seen a lot of CMOs struggling with their high school designs. We have recommended that there be a little bit more attention to helping them figure that out.
- We'd like to see more CMO models that are using technology to reduce their labor costs. There are— You may be familiar with models like the Rocketship schools that are trying to do this. When we think about the challenge of financial sustainability for CMOs, it's hard to

contemplate getting past that without some pretty innovative approaches to reducing costs.

- On the flip side of that, the public policy issues surrounding access to facilities equal public funding, those are things that we discuss widespread in the charter school community on a regular basis and of course relevant for CMO scale as well.

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So again, going back to our bottom line, we try to take a step back and just think broadly about the CMO approach to scale and the broad need for perhaps 5,000 new schools to replace low-performing schools in our country.

- We want to point out that CMOs, though doing incredibly interesting things, are only realistically looking at about 336 more schools by 2015. That's an estimate from our survey results, but just points out the type of scale that we need to start thinking about.
- A few of them are thinking about school turnarounds or going outside their state, again as an approach to quality.
- So we can make a lot of recommendations about more efficient, more effective CMOs, but we think some of these limitations may be endemic to the model as well.
- We'd like to see more experimentation with alternative approaches to scale to complement CMO growth and build on it.

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So, the next steps for the study, we have a number of teacher and principal surveys that we'll be incorporating into our work; outcome impact in about a year. We'll also be looking at the relationships between those practices and the outcomes. So we have a lot of work to do to really understand what's working and what's not, but we think this first step in just identifying, discussing barriers to scale in CMOs is an interesting place to start our discussion.

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Feel free to download a copy of our report. We also have a brief that goes into the study findings and then, I think, we're ready to move into questions.

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ROB: All right, Robin, thank you very, very much and, audience, Robin is ready to begin taking questions, but I will get us started. Robin, could you go into a little more depth around what aspects of the turnaround process really make it ~~another ballgame~~+for CMOs? What do you think were some of the obstacles that they saw as far as turnaround efforts are concerned?

ROBIN: The big issue for CMOs is culture, and so most of the CMOs that we talked to say that the secret to success in their schools is student culture, student norms that they set. They work incredibly hard to make sure that their incoming students understand what the school is about, what values they place on academic activities and comportment and all of that. So many of them— actually most of them— are really building, when they start a new school they start at one grade level and build that school up from the ground. The idea of coming in and taking over an existing school— all grade levels at once— runs counter to how they approach building those norms. That's not true for all of them. There are a number of CMOs that are going headfirst into turnarounds and have a plan for doing it, but those that haven't contemplated, really worry about whether they could maintain their results and their quality without that culture.

ROB: Thank you. We have another question from David here regarding the next steps of the study. ~~When~~ you talk about exploring relationships between CMO types, were there any plans to collect data with respect to EMOs versus CMOs?+

ROBIN: Yeah, that sounds like two questions. So, to start with, next steps of the study and tying outcomes to CMO practices. What our plan is, is to look at some of the ways that CMOs vary most amongst themselves and between CMOs and districts. I pointed those out to you. We'll be following those out to see, those will be our hypotheses, really, and we'll see if those can be supported by data that those types of things make a difference. In terms of for-profit EMOs, the study wasn't designed at all, did not include, any for-profits. Eventually I'd very much like to include for-profits in the study and understand potential differences.

ROB: Great. We have a question from Jody out in Colorado, I believe. ~~When~~ you address the outcomes, will you be looking at attrition?+

ROBIN: Yes, indeed. The folks at Mathematica Policy Research will be doing that part of the study. You may be familiar with the KIPP study that they produced not too long ago where attrition was a big part of their analysis. So certainly attrition is an issue we'll be looking at.

ROB: Great. Another question here from Stacy. What are the challenges for CMOs going from state to state to open new schools, versus the traditional regional approach?+

ROBIN: It's interesting; a lot of CMOs say that when they're in driving distance from their schools they can know what's going on and be satisfied that the CMO design is being replicated with fidelity. So, if they can drive there, they have a good sense of it. When they start moving into airplane rides and just being farther and farther away, they have to move away from more of a high-touch approach, which is very common to them- going in and getting a sense of the school climate, sending coaches in, having discussions- to much more of a systems approach, where they're just analyzing data from afar and doing periodic visits. And those are the things that really make them nervous.

The other issue for them is costs of dealing with different regulatory structures, different authorizers, and different communities, trying to make sure that. A lot of them were born in a particular community and are designed to serve a particular neighborhood or particular city. When they move outside of those boundaries, they often find that they're spending a lot of time trying to adjust their model, make it work in different ways, which can be just more difficult for them.

ROB: Thank you. Seems like Mark has a question. I'm going to try to paraphrase this correctly. I think we talked about CMO leadership being concerned about their students actually being ready for college as opposed to getting them in college. Could you talk a little bit more about that, please?

ROBIN: Yeah, I think I mentioned, these are some of the most experienced CMOs- they're the ones that have been around for quite some time. They're really reached some level of success with their test scores and they're starting to track how their kids are doing. We don't have data overall yet. I think we'll be able to gather some eventually about how kids from CMOs are doing in college, but the CMOs themselves really worry that - in many ways they're set up a very structured approach for these kids in their CMOs to get them to

the levels they need to get them. The kids don't have much wiggle room, haven't done a lot of independent work, and when they're moving into a college environment they're then expected to take on much more of an independent- of course, take responsibility for their own learning in much deeper ways. They also want to make sure that they're equipped to not just be able to spit back answers to questions, but also think deeply about topic areas and really engage thoughtfully in problems.

So those are the things that they're starting to orient themselves around. A neat thing about some of the CMOs that are experimenting with technology is they're finding that when they are able to move to technology to do some basic drill and kill work, that frees up time and resources to be able to start concentrating on the other areas that they really hope to get to, those higher order thinking skills.

ROB: Great, thank you. And Lorraine wants to know, %What is the attrition rate, if any- if you have that data for teachers- and did you get any indications of exactly why they would leave?+

ROBIN: Yeah, we don't have those data yet. What I can tell you is during our fieldwork we certainly looked at the attrition rates, and there's a huge amount of variation out there. In some CMOs, very little attrition of teachers, in other CMOs, it can be 30% or more. So again, there's so much variation out in the CMO community. In the cases where teachers are leaving at higher rates, it's oftentimes because these are places that ask teachers to work very long hours in very intense ways. We spent a lot of time talking to teachers about this issue, and it's much more complex, of course, than meets the eye. So a lot of teachers come to CMOs like that, that ask for very long hours and a very strong commitment. They're attracted to the CMO because of that intensity of work.

At the same time, many of them, as they get older and contemplate having a family, they just feel they can't sustain those work hours. I think that this is a maturation issue that a lot of CMOs will be able to work through as they're growing older and setting up more sophisticated management structures, figuring out ways to take some of the time needed, prep time and things needed away from the teachers to make their jobs more manageable, but it's a real struggle for CMOs and their teachers because they know their kids are so far behind they want to do everything it takes to make it work, but at the same time, people have to have lives.

ROB: Thank you. I think you may have alluded to this earlier: %s there data that compares CMO-run charter schools to non-CMO charter schools, or is that something you all were thinking about looking at in the future?+

ROBIN: Yeah, we~~d~~ have just a little bit of data on that in our study, and so that is an issue that we are really interested in. We do want to make sure to be extremely careful when we come out with our achievement results. If CMOs are showing a difference to schools, we need to be able to make it clear that we don~~t~~ know for certain whether that~~s~~ really an effect of CMOs or charter schools. So we~~re~~ really grappling with those questions hard. We~~d~~ have some comparative data to be able to make some claims, but this is an issue that we~~d~~ have to work out as we go.

ROB: Thank you. We have another question here from Jeff- and definitely we~~re~~ not promoting any particular models- but he wanted to know, %~~W~~ere there any standout CMOs that they might want to look at to examine best practices?- If you~~re~~ comfortable with answering that one.+

ROBIN: Sure. We promised confidentiality to all the folks in our study, so I can~~t~~ tell you which CMOs we visited as part of our fieldwork. What we will be doing over the next year is coming out with some best-practice kind of publications that will highlight not particular CMOs, but will highlight particular practices, and we~~d~~ be able to say with some confidence that certain practices among CMOs are effective practices. I think with not very much work it~~s~~ easy to find, through a media search, some things some CMOs that are doing really promising things that people are writing about.

ROB: Fair enough. Stacy wants to know if you found that there were any CMOs that really had, I guess, high-quality, grow-your-own-type approaches for both classroom teachers, other instructional leaders, and the site-level leadership as opposed to being reliant on hiring from the outside.

ROBIN: Yes, there were a couple CMOs we visited, I think I mentioned one was in this semisuburban-rural area and just couldn~~t~~ attract TFA folks. So they~~re~~ really going after the best.õ They make no bones about it, they~~re~~ trying to cream the best people they can, as any district or school should want to do, but they~~re~~ also recognizing that they have a lot of work to do on professional development, and so they have pretty interesting professional development models and a lot of coaching supports.

Most of the CMOs we visited tend to use really prioritized classroom-based professional development- so real-time coaching and feedback, especially to their newer teachers. This CMO in particular really emphasized that kind of PD, setting up career ladders and really focusing on getting and keeping the best people they could get. There was another CMO that we visited that's using a more structured model that provides real quick feedback to their teachers to help them be the best that they can be and lots of common planning time. So the places that are looking at the good-to-great strategy really are just investing heavily in professional development and doing the best they can.

ROB: Thanks again. And Anthony has a question around the methodology and the protocols that were used, he says here for the district leaders, as opposed for the CMOs. %Could you share a couple of examples of the interview protocols?+

ROBIN: Sure, they can all be found in our report. So if you're able to download our report, all the protocols are listed in the very back in the appendix. In terms of what we talked to district leaders about, we really asked them about their perceptions of CMOs operating in their environment:

- What impressions did they have?
- What helped form those impressions?
- If they had negative or positive impressions, we asked them for examples and evidence behind those views.

ROB: Okay, and Stacy wanted to know, %Did you have any recommended resources or guidance for those interested in starting a new CMO?+

ROBIN: Well, of course, I think our report offers a fair amount of guidance. But I think there are tremendous resources that NewSchools Venture Fund have produced. Go to NewSchools Venture Fund's website. They have some promising practices, guides, that they've developed in particular theme areas that I think are really helpful. The CMOs themselves say that some of the best things they did when they were getting started was to go out and talk to other CMOs and visit and learn about what they're doing. Many of them are pretty hungry for learning anything they can and stealing the best ideas possible.

Because they're nonprofit, most of them tend to be fairly open with what they think is their secret sauce and are pretty willing to spend some time sharing the information, lessons learned, and the what not to do as well as the what to do.

ROB: Okay. We'll sneak one in quickly while we were talking about funders a little earlier, before moving back to audience questions: Did you get the feeling that CMO leadership or CMO leaders felt that the funders were being a bit unrealistic in their expectations, particularly around growth and trying to maintain a quality product and quality outcomes? Was that a prevalent theme throughout the study?+

ROBIN: Well, I think it's a real tension that many of them are dealing with. They're really respectful, I want to make it clear, they're really respectful of their funders and they understand that the funders have the best intentions in mind. The funders want to see their CMO influence and impact as many kids as possible. So they're in agreement about that. I think where they really start to get worried is when the funder has an expectation about growth that they just really don't feel that they themselves can sustain. So I think they really vary in their perceptions on this issue and, of course, funders are varied, but the bottom line is the funders' job really should be to encourage growth as quickly as possible, but also to push back on the CMO and make sure that the CMO themselves have very good plans for maintaining the quality that they want to maintain. So I think what I'd like to see in the future is a little bit more back-and-forth going on between the two sectors and a realistic understanding that they have to both challenge each other rather than setting out growth goals and trying to stick to them no matter what.

ROB: Steven has a question around governance. I don't know if this was within the scope of your research, but it seems like he wants to know the dynamics between the CMO's actual board and the boards of the individual schools and whatever the structure is, how does the CMO stay in touch with the communities that they serve, if that came up at all?+

ROBIN: Governance does come up. Every CMO has one master board that is really setting, kind of, the mission and the goals for the organization as a whole. Most of them will have it's given the preference and the state has flexibility on this- most of them would like to maintain just one board and have a number of schools that are overseen by that board. A lot of state laws don't allow that. In that case, CMOs will set up local governing boards for each school, usually with some overlap with their master board. This is something

that we saw with for-profits and is coming up with nonprofits as well. This didn't always work out perfectly well, and so it's really an issue from the state or authorizer perspective. It's an issue to discuss with CMOs and when you're doing due diligence on CMOs, talk to some local governing boards as well as a master board if you can. I don't think that there's necessarily one right answer to this question, but it is an issue that can go bad if it's not managed well. You don't want to get into a situation where you have basically a shell board with no power, and some community tensions can arise pretty quickly over that.

ROB: Absolutely. Drew wants to know, "Besides philanthropic funding, what other options for funding seem to be the best options, more funding from the state or local district or other creative financing options?"

ROBIN: I think all of them have to be on the table. Again, if we step back and think about the number of new schools that need to be created, I think that CMOs realistically have to admit that if they're putting all their eggs in getting more public funding, they probably are not going to be able to achieve some of those large numbers of growth goals that they're trying to achieve. On the other hand, it should be a continued part of the conversation. So what I'd like to see, as I said, more experimentation with technology and other ways of reducing costs and making CMOs more efficient and more flexible. I'd like to see a continued public policy discussion, especially in states where the charter and CMO differential between the traditional public schools is really distinct. But I think we ultimately have to take a pretty realistic approach to this and a couple of CMO folks that I've talked to have said we can sit around and wait for a public policy solution or we can find a way to serve more kids quickly and I think given their mission and given their desire to act quickly and serve kids, that some creative thinking is probably needed.

ROB: Were there any examples of CMOs that were operating effectively in rural areas? We talked about the concentration in urban areas and them tending to be regionalized: "Were there any examples of effective ones in the rural areas?"

ROBIN: I think, the CMOs we've visited, none of them could be called strictly rural. More of them are on sort of suburban-rural fringe areas. I'm sure there are some rural CMOs out there that we didn't visit and that are worth looking into. Certainly there's the potential to do it, but a number of the CMOs were started with the purpose of serving urban kids and the funders themselves too have

driven a lot of this by asking CMOs to work in urban areas. So that is typically where you see them.

ROB: Can you say a little more about, you mentioned earlier, some of the CMO challenges being endemic to the model. %Can you talk a little more specifically about some examples of that?+

ROBIN: What I meant by that is really that CMOs I think have largely adopted kind of this soup-to-nuts district delivery model, just because that's really what they know. A lot of people who work in CMOs came from school districts, so they're really recreating what they knew in terms of the organizational structure and staffing and all of that, trying to do everything possible for their schools, serve all their needs. In the future, I think it's possible that, if we think creatively about CMO supports, you could imagine CMOs starting to specialize a bit and collaborate and not try to do everything for all their schools. That could be a much more efficient model if they're able to, say, form special ed co-op facilities, partnerships, things like that. Because they are so concentrated in urban areas, I really think that a lot of that is possible.

You could also imagine sort of looser networks of schools that aren't exactly CMOs but might start off in a CMO model and spin off some of their schools over time as they become more effective and able to self-sustain. So those are the types of things that I think we can imagine differently if we imagined CMO nets as something we could pull apart.

ROB: Great. I have one question from one of my colleagues here, Mr. John Bray, our senior communications guy, were there any examples that stick out in your mind, not specific CMOs, that were CMOs that effectively used online learning as a tool, number one, and found it to be cost-effective, number two.

ROBIN: Yeah. CMOs are pretty technology-rich overall. A lot of them have invested in technology systems, especially at the district level in terms of their data management feedback systems between school and central office. But in terms of actual online instruction, we did not include virtual CMOs in our study, so I really can't speak to that. And the blended, part online, part in-class instruction models are really just starting to emerge. Rocketship schools, as I mentioned earlier, was not in our study, but is a good example of a CMO that's really trying to experiment there. I am in New York today visiting New York's I-Zone, where they have a number of district-run schools and charter schools that are starting to experiment with different uses of

technology. So I really think that this is something that we'll see in the future with CMOs- not just as a cost-reducing measure, as a way to further their mission to personalize instruction.

ROB: Okay. Seeing as I don't think we have any more questions, Robin, on behalf of the U.S. Department of Education and Learning Point Associates at AIR, I would like to thank both Robin and our participants for today's very insightful webinar. A recording of the webcast will be available by October 29 at the link listed on the slide. Participants, please, if you could provide any feedback on today's webinar within the chat box that appears on your screen, your feedback would be greatly appreciated. Also at this time, I'd like to- those of us here at the Center wanted to let everyone know that today we launched a special education section on our website where you can find resources, toolkits, and articles to help charter schools effectively meet the needs of students with disabilities, so special education service delivery of high-quality fashion is a priority of the Center this year, and we've added that to our website. Thank you all very much again for participating today, and we look forward to your participation in our next monthly webinar.

END OF WEBINAR